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GOVERNMENT OF INDIA
TARIFF COMMISSION

REPORT
on the
Continuance of Protection
to the
Cotton Textile Machinery (Spinning Ring Frames, Spindles, Spinning Rings, Fluted Rollers and Automatic Looms) Industry

BOMBAY, 1963

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India, Tariff (———Commission)

Report on the continuance of protection to the Cotton Textile Machinery (Spinning Ring Frames, Spindles, Spinning Rings, Fluted Rollers and Automatic Looms) Industry-1963.

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SHRI PRAMOD SINGH

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GOVERNMENT OF INDIA

MINISTRY OF INTERNATIONAL TRADE

New Delhi, the 21st November, 1963.

RESOLUTION

Tariffs

No. 7(3)-Tar/63.—The Tariff Commission has submitted its Report on the continuance of protection to the Cotton Textile Machinery (Spinning Ring Frames, Spindles, Spinning Rings, Fluted Rollers and Automatic Looms) Industry on the basis of an inquiry undertaken by it under Sections 11(e) and 13 of the Tariff Commission Act, 1951. Its recommendations are as follows:—

(1) Protection granted to the industry in respect of complete spinning ring frames, spindles, spinning rings, fluted rollers and automatic looms should be extended for a further period of three years, *i.e.*, till 31st December, 1966 at the rate of protective duty of 10 per cent *ad valorem.*

(2) It would not be desirable to equalise at the higher level the present rates of duty levied on inserts used in ring frames and doubling frames (a non-protected item).

(3) Instead of allocating imported looms exclusively to those mills which make it a condition to undertake production of textile fabrics for export, it may be desirable to permit a generalised absorption of imported and indigenous looms, the imported item being allowed only to the extent it is necessary for meeting the short-fall in indigenous production.

(4) As future prospects of the industry depend on the possibility of making raw materials freely available, a physical assessment of the future requirements of raw materials for the industry and the supplies that may be forthcoming to meet it is essential.

(5) It ought to be made a necessary condition of licensing that the producers of machinery should carry a full range of spare parts for maintenance requirements of the customers.

(6) While steps may be taken independently to improve the quality of raw materials required by the cotton textile machinery industry, it should be the main responsibility of the manufacturers of textile machinery to maintain the quality of their products.

(7) The schemes of assistance for exports sought by the cotton textile machinery industry go far beyond the normal pattern of export incentive schemes now in vogue. The industry should meet at least a part of the risks and costs of exports, which is a normal expectation.

(8) It is the obligation of a protected industry to strive its utmost to avoid complaints such as supply of machinery in an incomplete condition.

2. Government accept recommendation (1) and the necessary legislation in Parliament will be undertaken in due course.

3. Government have taken note of recommendation (2).

4. Government have also taken note of recommendations (3) to (5) and steps will be taken to implement them as far as possible.

5. Attention of the manufacturers of textile machinery is drawn to recommendation (6).

6. Attention of the industry is also drawn to recommendations (7) and (8).

ORDER

ORDERED that the Resolution be published in the Gazette of India and a copy thereof communicated to all concerned.

(Sd.) H. D. SHOURIE,

Joint Secretary to the Govt. of India.

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REPORT ON THE CONTINUANCE OF PROTECTION TO THE COTTON TEXTILE MACHINERY INDUSTRY

1. Previous Tariff Inquiries.

1.1. The first reference to the Tariff Board in 1946 regarding protection to the cotton textile machinery industry was inconclusive in view of insufficient volume of production of spinning ring frames, spindles and spinning rings to make a reasonable estimate of costs of the industry. Accepting their suggestion for deferment Government referred the question again to the Tariff Board in 1949 when the scope was enlarged to include looms and loom parts. On the recommendation of the Board in 1949 protection was granted at the rate of 10 per cent *ad valorem* to spinning ring frames, spindles, spinning rings and plain looms for a period of three years ending 31st March 1953. Government also extended the scope of protection by the inclusion of fluted rollers and tin rollers. With the imposition of a revenue surcharge of 5 per cent in 1951 the effective duty was raised to 10½ per cent *ad valorem*. In 1951 Government accepted the advice of the Board that the existing duty of 10½ per cent *ad valorem* afforded adequate protection to fluted rollers and tin rollers so long as they remained in the protected category of components. With our concurrence protection was continued till the end of December 1954.

1.2. After the fourth inquiry in 1954 we recommended discontinuance of protection to tin rollers and extension for all other items till the end of December 1957 at the then existing rate of duty. In respect of looms the scope was enlarged to cover all kinds of looms at a rate of duty applicable to plain looms. The rate of protective duty to cotton textile machinery was reduced to 10 per cent *ad valorem* from May 1957.

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1.3. The fifth inquiry into this industry was held in 1957 and on our recommendation protection in respect of complete ring frames, spindles, spinning rings, fluted rollers and automatic looms was extended up to the end of 1960, at the then existing rate of duty of 10 per cent *ad valorem*. Protection was, however, discontinued in respect of plain looms from 1st January 1958. The sixth inquiry was held in 1960 when Government accepted our recommendation that *status quo* in respect of protection may be continued for a further period of three years ending 31st December 1963 at the then existing rate of duty of 10 per cent *ad valorem*.

Present inquiry.

2. As the protection granted to the industry is due to expire on 31st December 1963 we have undertaken the present inquiry under Section 11(e) read with Section 13 of the Tariff Commission Act, 1951 by which the Commission after review is empowered to suggest appropriate action in relation to any change in the protection granted to an industry.

3. Method of inquiry.

3.1. In March 1963 questionnaires were issued to producers, importers and consumers of the items of textile machinery falling under the protective category. A press note was also issued inviting firms, persons and associations interested in the industry to obtain copies of relevant questionnaires from our office and send their reply. Separate letters were also issued to associations representing the interests of producers and consumers of cotton textile machinery. The Textile Commissioner was requested to send a memorandum on the progress of the industry since the last inquiry. The Iron and Steel Controller was asked to give information regarding the supply position of iron and steel for the industry. The Development Commissioner of Small-Scale Industries, the Director General of Technical Development; the Indian Standards Institution and the Engineering Export Promotion Council were addressed for relevant information. The Directors of Industries of the States where the manufacturing units were located and the State Governments concerned were invited to offer their views regarding the continuance of protection to the industry. The Collectors of Customs were requested to furnish information about the latest c.i.f. prices of selected types of cotton textile machinery. Indian Trade Representatives in the United Kingdom, West Germany, Switzerland and Japan were addressed for f.o.b. quotations for the protected items. A list of those to whom questionnaires or letters were issued and from whom replies have been received is given in Appendix I. A list of factories visited by the Commission and its officers is given in Appendix II.

3.2. Two units were selected for cost investigation, namely, the Central India Machinery Manufacturing Co. Ltd., Birlanagar, Gwalior and the National Machinery Manufacturers Ltd., Thana, Bombay. We discussed their costs with the representatives of the companies concerned after the public inquiry. The cost reports are being forwarded to Government as a separate confidential enclosure to this Report.

3.3. A public inquiry into this industry was held on 8th August 1963. A list of persons who attended the inquiry is given in Appendix III.

4. Scope of the inquiry.

4.1. In 1960 the scope of our inquiry covered spinning ring frames, spindles, spinning rings, fluted rollers and automatic looms. It was then represented by one of the manufacturers that the scope might be enlarged to cover new items such as draw frames, speed frames and carding engines, and we advised the manufacturers to approach Government for a special reference on the subject. As no such request has been made to Government and there is no specific suggestion at present for enlarging the scope we adhere to the existing scope of protection.

4.2. A relevant issue for consideration was whether protection granted to some of the components like spindles, spinning rings, and fluted rollers be continued in view of the fact that even at the 1960 enquiry the f.o.b. prices of spindles and rings were not available and in the case of fluted rollers the Indian producers had actually an advantage. At the public inquiry the representatives of producers felt that the discontinuance of protection for these specific components would not be opportune, and that these should be eligible for independent protection until such time that their position is well established. In view of this we made no change in the scope of the inquiry.

5. Implementation of the Commission's recommendations made in its 1960 Report on matters other tahn tariffs.

5.1. In our Report of 1960, we made a few recommendations besides tariff protection. It is germane to review the extent to which they have since been implemented.

5.2. It was suggested by us that the Textile Commissioner should endeavour to ensure regular and adequate supplies of essential raw materials to the industry. He has stated that his organisation recommends to the authorities concerned to allow adequate supplies of raw materials but owing to overall shortage of pig iron and coke the manufacturers have to face difficulties in respect of adequate supplies of these commodities. The producers, however, agreed that the Textile Commissioner took expeditious steps to meet the situation whenever he was approached.

5.3. We also recommended that an inspectorate should be set up in the Textile Commissioner's organisation for inspecting the quality of the machinery manufactured. This recommendation is being implemented. Parliament has passed an enactment enabling the establishment of a committee to ensure *inter alia* the quality of textile machinery and commodities for exports. The representative of the Textile Commissioner informed us that the Committee will be brought into being within the course of about nine months.

5.4. We further suggested that imports of automatic looms should be so regulated as to permit the maximum utilisation of indigenous capacity. The Textile Commissioner stated that the present policy of Government is not to allow imports of automatic looms for the purpose of replacement of plain looms. But Central India Machinery Manufacturing Co. Ltd. complained that this recommendation has not been fully implemented as imports are still being permitted and asked for a complete ban on imports in view of the prevailing preference among the consumers for imported looms. The representatives of the Textile Commissioner clarified the situation and indicated that such imports are being permitted only to those mills which have been specially earmarked for building up export potential of the country and have accepted the obligation. Implementation by these mills is however tardy. Besides, in view of the short-fall between the demand and the existing capacity for output within the country there would be adequate offtake of the looms produced within the country by mills which are given facilities for expanding spinning capacity by 5 to 7 per cent and for installing 48 automatic looms each by way of replacement of ordinary looms. However, in the discussion at the public inquiry there was a general feeling that by earmarking imported looms for export purposes a prejudice may be unwittingly created against the indigenously manufactured automatic looms whose quality was not disputed, regarding their suitability for the manufacture of fabrics for export purposes. We are, therefore, of the opinion that instead of allocating imported looms exclusively to those who make it a condition to undertake production for export it may be desirable to permit a generalised absorption of imported and indigenous looms, the imported item being allowed only to the extent it is necessary for meeting the short-fall in indigenous production.

5.5. Another recommendation in our last Report was in respect of removal of restrictive clauses in technical collaboration agreements which precluded Indian manufacturers from exporting their goods. The Textile Commissioner has stated that generally technical collaborations with such restrictive clauses are not approved by Government but it was pointed out by manufacturers at the public inquiry that it is not possible to avoid them completely. We are of opinion that wherever there are good prospects for exports the manufacturers should be able to arrive at a flexible arrangement which their collaborators regarding removal of such restrictions even if they exist in their agreements. Otherwise the full benefits of collaboration may not accrue to the manufacturers. Some of the neighbouring countries may prefer to purchase from India their requirements of textile machinery if they are comparable in quality.

5.6. Lastly, in our Report we insisted on the maintenance of high standards of quality of its products by the industry. The manufacturers have assured that they are keen on maintenance of quality; but when the raw materials are not upto the mark, the task of maintaining the quality of their products becomes difficult. They have even suggested that there should be an inspection of the quality of the basic raw materials which are being supplied to them through controlled sources as they are often found to be of poor quality. This proposal of course would be rather difficult in application apart from the fact that there is overall shortage of certain items. We are, therefore, inclined to suggest that while steps may be taken independently to improve the quality of raw materials it should be the main responsibility of the manufacturers of textile machinery to maintain the quality of their products.

6. Present position of the industry.

6.1. In 1960 there were thirteen units engaged in the production of the protected categories of cotton textile machinery. They were manufacturing one or more items of machinery and a few of them have been granted licences for expansion while certain new units have also been licensed and it would be convenient to group them according to the items manufactured. Spinning ring frames, spindles, spinning rings and fluted rollers were manufactured by Textile Machinery Corporation Ltd., Calcutta, Textool Co. Ltd., Coimbatore and National Machinery Manufacturers Ltd., Bombay. Spindles and fluted rollers were manufactured by Lakshmiratan Engineering Works Ltd., Bombay. Spindles and spinning rings were manufactured by Textile Equipment Co. Ltd., Bombay. Fluted rollers were alone manufactured by Star Textile Engineering Co. Ltd., Bombay. Hindustan Textile Engineers, Bombay, the Zenith Textile Engineering Co., Bombay, Parmar Mechanic Works, Surendranagar and Sewing Machine Parts Making Works, Surendranagar manufactured only spindles, Indo-Belga Engineering Co., Ahmedabad made only spinning rings and Central India Machinery Manufacturing Co. Ltd., Gwalior made only automatic looms. Ramkrishna Industrials Private Ltd., Coimbatore made spinning ring frames and fluted rollers. Subsequently licences have been granted to National Machinery Manufacturers Ltd. and Lakshmiratan Engineering Works Ltd., for the manufacture of automatic looms. Cooper Engineering Ltd., Satara which was formerly a producer of only plain looms has also been licensed to produce automatic looms but it has not yet commenced production. Since the last inquiry seven new units have also been licensed for the manufacture of textile machinery. Lakshmi Machine Works Ltd., Coimbatore and Machino-Textile Ltd., Dehra Dun are licensed to manufacture ring frames. U. M. Mistry & Sons, Ahmedabad, M. K. Brothers, Ahmedabad, Mistri Mohanlal Veldas & Co., Ahmedabad and Suessen Textile Ball Bearing and Products (Pvt.) Ltd., Bombay have been licensed to produce spindles. Indian Casablancas High Draft Co. Pvt. Ltd., Bombay has been licensed to produce fluted rollers. Thus including Cooper Engineering Ltd., there are at present twentyone units registered with the Textile Commissioner though some of the newly licensed units have not yet commenced production. Details regarding their installed capacity (item-wise for the protected categories) and their production in the years 1960, 1961, 1962 and 1963 (January-March) are given in Appendix IV.

6.1.1. In reviewing the progress of the industry since the last inquiry it is important to take note of the capacity licensed and the extent to which it has been installed. Installed capacity (single shift) of 1,320 spinning ring frames at the last inquiry is now found to be 2,480 (double shift); but the two newly licensed units with a capacity of 1,180 have not yet materialised. Unless they do so the licensed capacity of the industry of 3,856 spinning ring frames in 1963, as indicated by the Textile Commissioner, will not be reached. The automatic loom capacity for which new licences were issued amounted to 2,700 looms raising the aggregate capacity rated on two shift basis to 5,100 looms. Of these, 800 remain to be installed. For spinning ring frames installed capacity on double shift basis remains more or less stationary and for automatic looms it has risen by about 40 per cent. The expansion in respect of the components of spinning ring frames has not been uniform, being large for fluted rollers and only marginal for spinning rings and spindles.

6.1.2. *Spinning ring frames.*—As indicated in the preceding paragraph there were five units for manufacture of spinning ring frames at the time of the last inquiry and one of them, namely, Lakshmiratan Engineering Works Ltd., was to commence production in early 1961. The aggregate annual (single shift) capacity of the five units was 1,320 ring frames. Lakshmiratan Engineering Works Ltd. made 9 ring frames in 1961 and 62 ring frames in 1962. The two new units since licensed as indicated above for the production of ring frames have annual capacities of 580 and 600 ring frames on two shift basis. Lakshmi Machine Works Ltd. of Coimbatore with a capacity of 580 ring frames is expected to commence production in 1964. Regarding Mechino-Textile Ltd., Dehra Dun the date of commencement of production is uncertain.

6.1.3. *Spindles.*—In 1960 there were nine units producing spindles (as indicated in the preceding paragraph) and their aggregate annual capacity was 942,000 spindles on single shift exclusive of the spindles used for the assembling of ring frames by units engaged in the production of both ring frames and spindles. Three new units which have since been licensed and commenced production are in Ahmedabad and their aggregate capacity on single shift basis would be 66,900 spindles. One more unit in Bombay has been licensed with a capacity of 0.3 million spindles.

6.1.4. *Spinning rings.*—There were five units manufacturing spinning rings in 1960 having an annual capacity of 1,206,000 spinning rings on single shift basis, exclusive of rings used for the assembly of ring frames by units engaged in the production of both ring frames and spinning rings. One of them, Textile Equipment Co. Ltd. has since stopped production.

6.1.5. *Fluted rollers.*—In 1960 there were 7 units engaged in the production of fluted rollers with an annual capacity of 347,400 numbers on multiple shift exclusive of the fluted rollers used in the assembly of ring frames by units engaged in the production of both ring frames and fluted rollers. Since then a new unit Indian Casablancas High Draft Co. (Pvt.) Ltd., has been granted a licence for 300,000 fluted rollers on double shift basis which is expected to commence production by the end of 1963.

6.1.6. *Automatic looms.*—With regard to automatic looms there was only one unit manufacturing in 1960, namely, Central India Machinery Manufacturing Co. Ltd. with a capacity of 1,560 looms on single shift. This firm was allowed to increase its capacity to 2,400 looms per annum and three more units had been issued licences. The licensed capacity of the new units aggregates to 2,700 automatic looms.

6.2. *Production.*—The progress of production since the last inquiry has been satisfactory though it has not been uniform in respect of all the protected items. For instance the output of automatic looms has not been steady. The production of spinning ring frames increased gradually from 1,127 in 1960 to 1,571 in 1962 showing a rise of 40 per cent. The production of automatic looms, on the other hand, slumped in 1961 but recovered in 1962, on commencement of production of CIMMCO-SAKAMOTO looms by Central India Machinery Mfg. Co. Ltd. The output of spindles, spinning rings and fluted rollers, net of self-consumption has been satisfactory. The following statement indicates the improvement in production since 1960:

(In numbers)

	1960	1961	1962	1963 (Jan.-March)
1. Spinning ring frames . .	1,127	1,402	1,571	479
2. Spindles	537,188	535,191	719,958	192,812
3. Spinning rings . . .	686,922	740,232	620,193	297,629
4. Fluted rollers . . .	316,223 or 12,649 lines	267,925 or 10,717 lines	280,414 or 11,216 lines	80,858 or 3,234 lines
5. Automatic looms . . .	374	67	496	726

6.2.1. There is still a considerable short-fall in output when it is compared with installed capacity, under-utilisation percentage varying with each of the protected items. Although to some extent the non-utilization may be due to the newly licensed capacity not coming into full effect, it would appear that the existing production capacity is also not pressed into service to a maximum extent. The data furnished below are illustrative of the position in 1962:—

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	Capacity (in nos.) (two shift basis)	Utilization of capacity (percentage)
1. Spinning ring frames	2,480	63
2. Spindles	2,077,800	35
3. Spinning rings	2,832,000	21
4. Fluted rollers	27,504 lines	41
5. Automatic looms	4,300	12

6.2.2. The short-fall in production appears to be serious in respect of some of the items and merits investigation. Particularly in view of the complaints of consumers regarding long delivery periods the persistence of under-utilization of capacity is anomalous. The manufacturers attribute it to the shortage of basic raw materials such as special steel, coke and pig iron and the difficulty in obtaining import licence for essential components. They assert that they can reach rated capacity if they are relieved of these handicaps.

6.2.3. In the case of automatic looms a few other reasons are also adduced for the short-fall in output apart from the general complaint of shortage of raw materials. It is attributed to the large imports of automatic looms for export promotion and the restrictions imposed on the installation of automatic looms by the industry. It is linked with exports of cloth with the offer of bank guarantee now said to be relaxed for the fulfilment of such export obligations. The mills fight shy of such restrictive conditions and refrain from the purchase of automatic looms. But it is also necessary to take note of the fact that the automatic looms originally manufactured by CIMMCO were not acceptable to the textile industry because of their quality. It is only from February 1962 that thev have commenced production of the new type "Sakamoto" looms. It is however gratifying to note that the output during the first five months of 1963 has recorded a steep rise almost reaching the rated capacity.

6.2.4. Taking an overall view of the productive activities of the large establishments manufacturing various items there is reason to believe that their tempo is biased in favour of the non-protected items within their purview, apparently owing to the larger margin of profits available on them. Diversification of production is no doubt a method of insuring against the instability of demand for textile machinery. It is being done in foreign countries by going even beyond the confines of textile machinery manufacture by taking up the production of refrigerators, machine tools and other items altogether unrelated to the main industry. In India, however, the diversification has so far been mainly within the range of textile machinery items. But still unless such a diversion is warranted by the existing situation it is not justifiable. If a major part of the sales revenue of a manufacturer arises out of non-protected items produced by him there is reason to believe that the protected items under his care would be neglected. There is evidence of unsatisfied demand for the latter items in view of the prevailing complaints about long delivery periods. For the fulfilment of the obligations of a protected industry special concessions are given by Government through the supply of raw materials and grant of foreign exchange for the import of components. It would be against the interests of the country if concessions thus granted are used either to pursue more profitable lines of business or to meet short run unfavourable situations. We would desire a greater surveillance on the part of the authorities and the co-operation of the industry to avoid such possibility.

6.2.5. The Development Commissioner, Small Scale Industries has reported that there are seven small scale units engaged in the manufacture of spindles, spinning rings and fluted rollers. Three of these units, namely, Textile Equipment Co. Ltd., Zenith Textile Engineering Co. and Hindustan Textile Engineers, all of Bombay, have been included in the list of large scale units, while two other units of Bombay, Prakash Hardware Industries and Indo-Engineering Works are now reported as not producing any protected items.

7. Domestic demand.

7.1. The demand for cotton textile machinery and its components is determined by the requirements of the cotton textile mill industry for its expansion, rehabilitation and modernisation. The expansion of the industry depends upon the share of the increase in demand for cotton yarn and cloth allocated to the mill sector. Under the Five Year Plans while the total target of cloth production is fixed, a share is assigned to the mill sector for contribution taking note of the performance of the decentralised sector. Rehabilitation and modernisation depends not only upon the age of the plant and equipment but also on the availability of finance and foreign exchange and the understanding regarding the degree of labour displacement that would be permissible. The ultimate incentive for rehabilitation would no doubt centre round the prospects of a growing demand for cotton textiles and profitability of its production. Unless economically worthwhile, rehabilitation would not be undertaken even if financial resources are available.

7.1.1. In 1960 we assumed a target of 9,200 million yards of cloth for 1965-66. Out of this the mill sector had to produce 5,800 million yards with its existing manufacturing facilities and 800 million yards through expansion. Besides this, the mills were also required to produce yarn sufficient for weaving 1,100 million yards of cloth on the handlooms. We had estimated the replacement demand for spindles at 3 million and the demand for new spindles at 0.75 million, thus totalling 3.75 million spindles during the Third Five Year Plan period. This worked out to an average demand of 1,800 spinning ring frames inclusive of requirements for expansion and rehabilitation. In respect of automatic looms we accepted the estimates of the Textile Commissioner which worked out to 6,000 automatic looms per year. The details of the estimates made in 1960 are indicated in the table below:—

Items	1960-61			For each of the years 1961-62 and 1962-63		
	Expansion	Replacement	Total	Expansion	Replacement	Total
1. Spinning ring frames (in numbers).	375	950	1,325	850	950	1,800
2. Spindles (in million)	..	..	0·70	..	..	0·85
3. Spinning rings (in million)	..	..	1·00	..	..	1·00
4. Fluted rollers (in lines)	..	..	8,000	..	..	12,000
5. Automatic looms (in numbers).	..	..	6,000	..	..	6,000

7.1.2. The basic assumption made by us more or less holds good at the present time for the Third Plan period. The target for cloth production has been slightly modified to 9,300 million yards against 9,200 million yards as previously. The share of the mill sector has been retained at 5,800 million yards and the requirement of yarn for the hand-loom sector continued as per earlier estimate. The Textile Commissioner has now informed us that expansion alone for the cotton mills industry has been envisaged at 3 million spindles, thus raising the installed capacity of spindles from 14 million to 17 million. The annual demand for ring frames for expansion would then be of the order of 1,600. For replacement the demand would be of the order of 1,425 ring frames. Thus a total demand of 3,025 ring frames is envisaged. In respect of automatic looms the estimated demand for expansion alone is 25,000, that is, an annual average of 9,950 automatic looms would be required for both expansion and replacement. Thus, it could be observed that estimates now furnished by the Textile Commissioner are on the high side for both the main items, ring frames and automatic looms, as compared to the estimates made by us in 1960.

7.1.3. Estimates of demand for cotton textile machinery have also been received from the Indian Cotton Mills' Federation and the Millowners' Association, Bombay. The estimates made by the Federation more or less correspond with those of the Textile Commissioner. The estimates of the Millowners' Association are, however, on the high side. We were advised that if the Plan target for textiles were to be reached these machinery requirements were necessary. The representative of the Textile Commissioner stated that the licensing of additional spindleage would be so regulated as to absorb infructuous licences so that the demand for machinery will not fall. At the public inquiry it was, therefore, agreed that the estimates furnished by the Textile Commissioner may be adopted as they also coincide with those of the Federation. The table given below indicates the comparative position in respect of the estimates of demand made by the different parties for the present inquiry. It also includes the estimates made by us at the time of the last inquiry:

(Per annum)

Items	Estimates made by			
	Tariff Commission (1960)	Textile Commissioner	Indian Cotton Mills' Federation	Mill-Owners Association, Bombay
1. Spinning ring frames (numbers)	E 850 R 950	1,600 1,425	1,600 1,425	3,330 1,920
	1,800	3,025	3,025	5,250
2. Spindles (million)	0·85	1·6	1·21	2·09
3. Spinning rings (million)	1·0	3·2	..	..
4. Fluted rollers (lines)	12,000	28,500	..	10,600
5. Automatic looms (numbers)	6,000	E 5,000 R 4,950	5,000 4,950	8,300 6,700
		9,950	9,950	15,000

E—Expansion R—Replacement

7.2. It may, however, be pointed out that these estimates are higher than the actual availability both for ring frames as well as automatic looms. While the present estimates of the Textile Commissioner exceed those of the Commission at the last inquiry, the licensed capacity has also increased in the meanwhile. The table given below compares licensed capacity and estimated demand.

	Per annum	
	Licensed capacity	Demand
1. Spinning ring frames (numbers)	3,856	3,025
2. Spindles (million)	2·08	1·6
3. Spinning rings (million)	2·83	3·2
4. Fluted rollers (lines)	27,504	28,500
5. Automatic looms (numbers)	5,100	9,950

The deficit in capacity seems to be large in respect of spinning rings and automatic looms as compared with the estimated demand. In respect of other items capacity to meet the full requirements has already been licensed. But in this context it is important to realise that it is the utilisation of the capacity that is important. If the licensed capacity either does not go into service or is not fully utilised there may be a short-fall in production as compared with the estimated demand.

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8. Raw materials.

8.1. The principal raw materials required for the manufacture of cotton textile machinery are pig iron, certain steel items such as, hard drawn bright flats, rods, bars and tubes, alloy and tool steel, tin plates, coke and suitable wood for automatic looms. Except pig iron and coke which are indigenously available, the rest of the items are either imported fully or partially from abroad.

8.1.1. There is a general complaint among the manufacturers that the industry is suffering from an acute shortage of almost all raw materials. In fact the low performance of the industry as compared with its capacity is attributed to the non-availability of raw materials in adequate quantities and of proper quality. Obviously the future prospects of the industry also depend upon the possibility of making raw materials freely available. It appears no physical assessment has yet been made of the future requirements of raw materials for the industry and the supplies that may be forthcoming to meet it. Such an estimation in our opinion appears essential. It would be made with the use of technical coefficients of demand for raw materials per unit of production of the items concerned. This has to be matched with the supply of raw materials that could be augmented in the future by increased production within the country and through imports from abroad. Since pig iron and coke are the only main raw materials indigenously produced, the extent of import substitution with regard to other items which have to be either partially or fully imported has to be estimated.

8.1.2. Complaints are also being received regarding the poor quality of some of the raw materials such as pig iron, free cutting steel bars, hard drawn bright flats, bars and tubes and coke which cause deterioration in the quality of the finished product. It is also stated that production of non-standardised mild steel sections caused the use of odd sizes which raises costs and affects quality.

8.1.3. High prices of raw materials have also been an important factor in retarding the progress of the cotton textile machinery industry. The manufacturers had to pay high prices for raw materials whenever open market purchases are resorted to, particularly with regard to mild steel sections, hard drawn bright flats, bars and tubes. It is urged that raw materials received through D.L.F. sources are not only poor in quality but the prices are higher by about 20 per cent compared to the prices in the United Kingdom. Alloy steel which is imported under tied D.L.F. loans from the United States of America was more costly than similar imports from United Kingdom. It has also been reported to us that the textile machinery manufacturers have been asked to meet a large part of their purchase of raw materials and components against import entitlements earned by cotton textile mills which may be bought at a premium of 30 per cent. All this has pushed up cost of raw materials for an industry that manufactures capital goods.

8.2. *Pig iron.*—Pig iron is a controlled item and supplies of indigenous pig iron are made against quota certificates issued on the recommendation of the Textile Commissioner. The manufacturers have complained that against their quota certificate they receive only smaller quantities at irregular and inconvenient intervals. The procurement of even lower grades of pig iron has become difficult for the industry while higher grades are not at all available to them. We are informed that according to a recent decision the textile machinery manufacturers have to use at least 50 per cent scrap with their pig iron for production. But as scrap is de-controlled it is available only at high prices thus increasing the cost of production. The use of high percentage of scrap is said to result in lowering the quality of casting involving more rejections and wastage. Thus, there seems to be a general discontent regarding the quantity of pig iron made available to them and the quality of the pig iron that they are entitled to receive.

8.2.1. It is admitted both by the Iron and Steel Controller and the Director General of Technical Development that there is a considerable short-fall in the supply of pig iron as compared to its demand. After allowing for top priority demands like that for defence it has therefore to be distributed equitably on the basis of a scheme drawn up by them. It is indicated that according to the scheme the industry is eligible to receive pig iron only to the extent of 46 per cent of its consuming capacity. Therefore the available quantity can only be spread thinly though equitably among the consumers. But the future prospects of the industry cannot be rendered bright unless suitable measures are adopted in time to ease the situation. Either ways and means must be found for augmenting the indigenous output of pig iron or finding the foreign exchange to import it from abroad for covering the gap. We were informed that in view of the acute difficulties the matter is being considered by Government.

8.3. *Steel items:*

8.3.1. *Mild steel sections.*—Mild steel sections are also controlled but there are complaints about their irregular supply which upsets the delivery programme of the producers. It is also pointed out that some special sections which are normally used in U.S.A. and Europe are no rolled and drawn in India and the use of odd sizes has increased its cost of production and affected the quality of the products. It is said that the steel manufacturers have not standardised the sizes of flats and the sizes standardised by the manufacturers of cotton textile machinery are not available.

8.3.2. *Free cutting steel bars.*—The manufacturers of textile machinery have pointed out that the prices of indigenous bars are higher and their quality also is not satisfactory. Since imports of these items are not freely allowed it is stated that steel of doubtful quality is passed on as free cutting steel the use of which affects the quality of their products. Since the supply position is not reliable the producers have to resort to open market purchases where the prices are 40 to 50 per cent higher than the landed cost of this material. The complaint is that the requirement of free cutting steel bars for the industry is not correctly assessed while imports are licensed.

8.3.3. *Hard drawn bright rods, bars, flats and tubes.*—Most of these items have to be imported. Their prices are also high as there is no sizeable indigenous supply to supplement the meagre imports. It is reported that owing to non-availability of suitable hollow materials solid bars are used in the manufacture of rings which results in increased consumption of materials thus raising the cost of production. The delivery time for seamless tubes is also said to be inordinately long. The tubes required for Ruti looms are not manufactured in the desired sizes and the tubes required for ring frames are not received in appropriate time either from indigenous sources or from established importers.

8.3.4. *Alloy steel and tool steel.*—Producers generally complained that they are not able to obtain their requirements of alloy and tool steel at reasonable prices. They say that the imports are not adequate to meet the existing demand. Carbon steel rounds having 0·45 per cent carbon and spring steel flats are required for the manufacture of automatic looms. But against the import licences for alloy and tool steel the producers are unable to import since imports of carbon rounds and flats having less than 0·95 per cent carbon are not allowed and these items are not readily available even locally. The alloy steel imported under D.L.F. is not equivalent in quality to the U.K. product. The imports granted under licence against D.L.F. sources are not only costly but also late in arrival.

8.3.5. *Tin plates.*—Although it is reported by some of the producers that the supply position of tinplates is better, there are complaints from others regarding the difficulties in obtaining their requirements. It is stated that the world shortage in tinplates and its non-availability from local sources has posed a serious problem for the manufacture of tin rollers which are essential for ring frames.

8.4. *Coke.*—Coke perhaps is the only item whose supply position is now said to have improved. But there are complaints about its high ash content and poor quality. Some of the producers even complained of operating their foundry on single shift basis owing to shortage of coke. However, the D.G.T.D. has informed us that every endeavour is now being made to meet the requirements of the units based on their past production.

8.5. *Suitable wood for automatic looms.*—Laminated compressed wood is used for the manufacture of picking and fulcrum sticks for automatic looms. Suppliers of these items have expressed their inability to meet the requirements of the industry. The manufacturers of wooden fittings and accessories for textile looms are unable to meet the demand for them owing to insufficient supply of laminated compressed wood which was to be imported from Germany. It is stated that there is no alternative material available in India for this purpose. If sufficient imports of raw material is allowed it is stated that they can meet the entire demand of the industry. A plant is now being set up in India with German collaboration for the production of laminated compressed wood and when it comes into operation it may be possible to meet the requirements of the textile machinery industry.

8.6. *Bought-out-parts.*—In addition to the above raw materials a number of parts are required to be bought out by the industry some of which are still imported. The most important among them are drafting material, jockey pulleys, ball bearing inserts, ball bearings and lubricating system. While the position in respect of some of them has improved there are still difficulties in securing the others. The supply position of drafting material is reported to have improved as several light engineering units are turning to this ancillary line. There are, however, difficulties in obtaining valves for "Tecalmit" lubricating system.

8.6.1. The textile machinery manufacturers complained that the supply of spindle inserts is very inadequate. A greater part of the requirement of the spindle inserts for replacement is now to be met from indigenous sources which however are incapable of meeting the demand. They in turn blame the non-availability of alloy steel. National Engineering Industries, Jaipur, with a capacity of 1·8 million inserts per year has commenced production and expects an output rate of 30,000 per month by the end of this year. The Scientific Mechanic Works, Surendranagar, which is one of the producers of spindle inserts, has increased its capacity considerably and it is hopeful to meet at least a third of the total requirement of inserts for the industry, saving a considerable amount of foreign exchange. With the pressing into service of three other esablishments which have been licensed for the manufacture of spindle inserts the position may get considerably eased in due course.

9. Quality and standards.

9.1. At the time of the last inquiry we felt that the textile machinery industry had a special responsibility to maintain high standards of quality for its products as the textile industry was obliged to use indigenous machinery in view of the restricted imports and had to maintain high efficiency and quality standards in textile production in order to meet foreign competition in export markets. We, therefore, reiterated earlier recommendations that an inspectorate should be set up to observe and suggest improvement in the quality of the textile machinery. Now that the setting up of such an inspectorate is in the offing there is a good prospect of the quality of indigenous machinery being maintained at a high level.

9.2. We are now informed by the Textile Commissioner that the quality and performance of the indigenous textile machinery could be compared with those manufactured abroad. By entering into collaboration with reputed foreign firms the indigenous producers have been able to maintain a high standard of quality. However, it is admitted that the domestic producers have not been able to catch up with the technological developments rapidly taking place abroad.

9.2.1. The general opinion among the consumers seems to be that there has not been any appreciable improvement in quality since the last inquiry although some technological improvements are being incorporated. The complaints generally refer to the high degree of wear of the indigenous machinery, breakage of their components, non-interchangeability and shortcomings in precision standards of components. Dimensional inaccuracies and deviation from standard sizes of components have been emphasised by the consumers. It is complained that the suppliers do not always check up the dimensions and assemble before supplying the parts, as a result of which there is difficulty at the time of erection at the site. However, we have not received any complaints about the automatic looms at present produced in the country.

9.2.2. The manufacturers have stated that they have taken steps to set up the required testing facilities for mechanical, metallurgical and sand testing purposes and that inspection is carried out by them from the raw material stage to the stage of assembly of the finished products. They, however, pointed out that most of the faults in their machinery are due to the non-availability of standard raw materials and poor quality of steel, coke and pig iron received by them. With further development of quality control and research they hope to overcome the existing defects. Despite the adverse criticisms there seems to be a consensus of opinion among the consumers that the industry has made considerable improvement and bids fair to establish itself well in future.

9.3. *Standards.*—The Indian Standards Institution has stated that in respect of ring frames it is the intention of the committees concerned to formulate the specifications for replacement parts of ring frames. Accordingly, specifications for tin rollers and lappets have been finalised and for other items they are in different stages of formulation. The draft standards are under preparation for spindles, spinning rings and fluted rollers but no component parts of automatic looms have been taken up for formulation of Indian standard specifications. So far no licences for use of ISI certification marks in respect of textile machinery components have been issued.

10. Selling system and prices.

10.1 The manufacturers of cotton textile machinery generally sell their products through their selling agents at important cotton textile mill centres, despatches being made directly to the customers. The sole selling agents get a commission of 5 per cent on spare parts and one to two per cent on the sale of machinery. The system of discounts on sales varies from company to company. While National Machinery Manufacturers Ltd. allows $22\frac{1}{2}$ per cent on the prices of ring frames, Central India Machinery Manufacturing Co. Ltd. does not allow any discount on selling prices.

10.2. In respect of the range of prices, consumers and their associations have generally stated that the prices charged for the indigenous textile machinery are higher as compared to the prices of imported machinery. The selling prices of different manufacturing establishments in the industry of the various protected items produced by them is given in Appendix V. Apart from high prices, consumers have also expressed dissatisfaction about the long delivery period extending from six to even twenty-four months, the incomplete fulfilment of orders, the lack of spares, the money deposit to be made with orders involving locking up of funds and the absence of pre-delivery erection. Some of these points are perhaps exaggerated as the deposit with orders asked for by indigenous machinery manufacturers is only a fraction of what their overseas compeers demand. The delay in delivery cannot also be entirely due to poor supply of raw material as explained by the producers for in some cases there might have been utilisation for non-protected products as well of the limited supplies. Besides the unduly long delivery period, cases have been mentioned of the machinery supplied in an incomplete condition, essential components being sent up long after the supply of the machines seriously handicapping the customers. These complaints were mentioned at the public inquiry also. There is a complaint, though it is not accepted by all producers, that there is no pre-delivery erection of the machines supplied which causes difficulties to buyers during erection and commissioning. Dissatisfaction was expressed regarding after-sales service rendered by manufacturers, namely that it was neither ready nor systematic and the charges were onerous. It is the obligation of a protected industry to strive its utmost to avoid such complaints in future. Consumers seem to have also experienced difficulties in securing spare parts for the machines purchased by them. It ought to be made a necessary condition of licensing that the producers of machinery should carry a full range of spare parts for maintenance requirements of the customers.

11. Import control policy and imports.

11.1. *Import control policy.*—The protected categories of cotton textile machinery are covered for import control by serial number 5, Part III (Appendix 50) of the Import Trade Control Schedule. During October, 1960—March, 1961 licensing period no licences were granted for the imports of ring frames, spindles, spinning rings and fluted rollers. Imports of automatic looms however were permitted on an *ad hoc* basis in consultation with the Textile Commissioner. This was however restricted to actual users during the period April, 1962 to March, 1963. During the current period covering April, 1963 to March, 1964 licences for imports are issued to actual users for ring frames and automatic looms and no imports are permitted in respect of spindles, spinning rings and fluted rollers.

11.2. *Imports.*—There has been a declining trend in the imports of most of the protected categories since 1960 as shown in the table given below:—

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(Value in lakhs of rupees)

Sl. No.	Items	1960		1961		1962		1963 (Jan.-March)	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
1	Ring frames (Nos.)	8	2·65	16	5·58	5	1·70	20	5·14
2	Spindles (Nos.)	15,963	1·61	423	0·57	24	0·24	..	..
3	Spinning rings (kgs.)	66,313	3·91	256	0·04	186	0·05	24,485	0·48
4	Fluted rollers (kgs.)	1,477	0·13	309	0·06	3,419	0·25	..	..
5	Automatic looms (Nos.)	649	52·99	2,042	173·24	1,747	131·12	576	41·01

The above data would indicate that the machinery industry is now able to meet in good measure the demands of the cotton textile industry.

Exports.

12. Exports of the protected categories of cotton textile machinery since 1960 have so far been negligible except for spindles. But the Engineering Export Promotion Council has informed us that there is a possibility of finding a good market in the Middle East and the Far East provided the prices are made competitive. But the cost of production in the country is high owing to lower productivity of labour and higher cost of raw materials as compared with Japan. The existing incentives for export which are considered satisfactory consist of replenishment of pig iron and steel, draw back of excise and customs duty and concessional railway freights. The Engineering Export Promotion Council however is seeking further assistance for exports by adequate supply of special steels and components, import of special purpose machine tools, offer of credit facilities by Government, relief from export risk and subsidy for adequate propaganda in foreign markets. The Textile Machinery Manufacturers' Association has similarly stated that there should be a scheme to provide special facilities for encouraging exports by allowing a 100 per cent retention of the foreign exchange earned by exporters to import their raw materials and components. This should be taken into calculation against each individual firm's requirements of foreign exchange. As the exact incidence of present heavy import duties and excise levies on the export items cannot be calculated, an *ad hoc* amount considered reasonable is sought to be refunded against the export of each machine. Besides towards the expansion of the industry an additional 20 per cent of the foreign exchange earned by their exports may be earmarked for importation of machinery by them. Further as exports to some countries have to be made on deferred payment basis, the Export Risk Insurance Corporation should underwrite such transactions and pay 80 to 90 per cent of the total sales value to the manufacturers. The foreign exchange required in connection with the exploration of foreign markets should be met by Government. These schemes go far beyond the normal pattern of export incentive schemes now in vogue. That the industry should meet at least a part of the risks and costs of exports is the normal expectation.

13. Existing rates of duty.

13.1. Protected items of cotton textile machinery are assessed to duty under item Nos. 72(34) and 72(40) of the First Schedule to the Indian Tariff Act, 1934. Relevant extracts from that schedule showing the current rates of duty are reproduced in the following table:—

Item number	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rate of duty
				The U.K.	A British Colony	Burma	
72(34)	The following cotton textile machinery and apparatus and parts thereof (other than tin rollers and fluted rollers) by whatever power operated, namely, spinning ring frames, spinning ring spindles and spinning rings.	Protective . .	10 per cent *ad valorem*	..	..	Free	December 31st, '63.
72(40)	The following textile machinery and parts thereof, by whatever power operated, namely:—	..	..	..	..	..	
	(a) fluted rollers of all kinds . . .	Protective . .	10 per cent *ad valorem*	..	..	..	December 31st, '63.
	(b) looms of all kinds other than plain looms	Protective . .	10 per cent *ad valorem.*	..	..	..	December 31st, '63.

NOTE.—Under the Finance Act, 1963, a surcharge of 10 per cent of the duty has been levied on the above items for the financial year 1963-64.

13.2. Manufacturers have complained against a tariff anomaly in respect of the rates of duty levied on spindle inserts used in ring frames and doubling frames, which are now subject to customs duties of 10 per cent *ad valorem* (as part of scheme of protection to spinning ring frames) and 20 per cent *ad valorem* respectively. The duty on inserts used for doubling frames, a non-protected item, was also 10 per cent originally but it was raised to 15 per cent by the Finance Act of 1961 and to 20 per cent by the Finance Act of 1963. Now the contention is whether the duty on inserts used for ring frames should be raised to 20 per cent or the duty on inserts used for doubling frames be reduced to 10 per cent in the interest of equalisation of the two and avoidance of the anomaly. Opinion is however divided on the issue. While the revenue authorities appear to be inclined to raise the one, the industry wants to reduce the other. The Textile Commissioner is not agreeable to the idea of raising the duty on inserts meant for ring frames though according to him it would put up the cost of a ring frame by only about Rs. 100.

13.2.1. On a calculation of the incidence of the duty when enhanced we find that it would be insignificant. The price of a ring frame is about Rs. 37,361. The spindle inserts for it cost Rs. 2,487 which is 6·7 per cent of the total value of a ring frame. With the enhancement of duty from 10 to 20 per cent the incidence of extra cost for a ring frame would be Rs. 223, which is only 0·6 per cent and certainly negligible. Apart from the incidence of it a principle is involved in the enhancement of a protective duty merely for the sake of equalization with a revenue duty that is dependent on end use of a product. This aspect of the issue was also appreciated at the public inquiry and while it was agreed that though the burden of the incidence may not be heavy, the raising of the duty for purposes of equalisation was not considered justifiable. We also feel that a precedent would be set up if a protective duty is raised for any reason other than the needs of the protected industry. We are therefore of opinion that it would not be desirable to equalise the two at the higher level until such time that a need arises to raise the duty on inserts meant for ring frames on the basis of a fuller inquiry on a specific request from producers of inserts.

14. Cost of production of indigenous cotton textile machinery.

14.1. Our Cost Accounts Officers have examined the costs of protection of spinning ring frames, spinning rings, spindles, fluted rollers and automatic looms manufactured by National Machinery Manufacturers Ltd., Thana, Bombay and of automatic looms manufactured by Central India Machinery Manufacturing Co. Ltd., Gwalior. The automatic looms manufactured by the two units are of different designs and specifications. National Machinery Manufacturers Ltd. manufactures the looms with the technical collaboration of the Rueti Machinery Works, Ltd., Switzerland, and sell them by the trade name of "RUTI-NMM" automatic loom. The loom manufactured by the Central India Machinery Manufacturing Co. Ltd. is with the technical collaboration of the Enshu weaving Machinery Company Ltd., Japan, and is known by the trade name "CIMMCO-SAKAMOTO". The combined production of automatic looms by these two units represents almost the entire production in the country while National Machinery Manufactures Ltd., is one of the biggest producers of spinning ring frames and components. We have, therefore, adopted the costs of production of these two units as representative for the industry for the respective items of cotton textile machinery.

14.1.1. National Machinery Manufacturers Ltd. maintains a standard costing system which was utilised to work out its product costs with a reasonable degree of accuracy in respect of the latest financial year, namely, 1962. In regard to Central India Machinery Manufacturing Co. Ltd. the accounts for its financial year ending March 1963 were adopted in the determination of the costs of automatic looms.

14.2. The costs have been worked out for the following categories of machinery in the case of National Machinery Manufacturers Ltd. :—

(i) Spinning ring frame Model M2—400 spindles 8″ lift, 2⅝″ gauge, 1¾″ dia. rings, SKF high drafting system.

(ii) Automatic loom—Ruti Automatic looms BAZ type—110 cms reed space with warp stop motion, inside cam motion, sensitive mechanical feeler, warp let-off motion etc. are warp beam.

(iii) Spindle—7″ roller bearing aluminium plug with H.T.—5 inserts.

(iv) Fluted roller—1″ dia., 2⅝″ gauge, 525″ staff length double box length per piece covering 200 spindles with S.E. and G.E. pieces.

(v) Spinning ring—P.S.R. or T. & S. type 1¾″ dia.

Besides the main items of production mentioned above certain small quantities of spares in respect of ring frames, carding engines and automatic loom were also manufactured by N.M.M. As for Central India Machinery Manufacturing Co. Ltd., besides looms it is also engaged in the manufacture of cotton calender bowls, high speed winding and warping machines etc.

14.3.1. In the determination of the estimated costs of production in respect of National Machinery Manufacturers Ltd. the following volumes of production were adopted for future as against actual production in 1962 given within brackets.

1. Ring frames and doubling frames	Nos.	970	(667)
2. Automatic looms	,,	1,770	(64)
3. Carding engines	,,	300	(140)
4. Conversions	Sets	370	(333)
5. Rings (for independent sale)	Nos.	700,000	(363,109)
6. Spindles (for independent sale)	,,	128,300	(65,007)
7. Fluted rollers (for independent sale)	Lines	5,700	(3,737)

The rates of materials were adopted at the latest prices. According to present import policy of the Government the company has to import raw materials from the dollar area under the D.L.F. Scheme. Moreover, the licences received by the company being not adequate to its requirement, a considerable proportion of the licences has to be procured by it from the textile mills, (which obtain them through the export incentive scheme) after payment of a premium of 30 per cent of the import value. At the public inquiry the representatives of the Textile Commissioner stated that about 40 per cent. of the company's total imports shall have to be made under licences procured at a premium. We have made provision for the higher cost of materials to be borne by the company. In accordance with the phased programme the company's share of the manufacture of the components for automatic looms, whose exact costs could not be visualised, will increase in future. The cost of production of automatic loom was therefore estimated on the basis of the proportion of the purchased and self-manufactured components as in the costed period. In estimating the other manufacturing expenses the volume of production in terms of standard hours was determined for the various production departments. The estimates of the product costs were worked out on the basis of adjusted incidence; variable expenses, *e.g.*, direct labour, power, consumable stores etc. were adopted at the same level as during the costed period. These included (i) normal increments for labour and staff, (ii) current rate for power, (iii) reasonable provision for probable increase in the prices of stores materials, (iv) salaries for additional staff required for increased production, (v) additional items of overheads, namely, war risk premium, exhibition expenses, training expenses of the apprentices, gratuity etc. and (vi) suitable provisions for the anticipated additions to block assets. Depreciation was calculated at the normal income-tax rates. A return of 12 per cent has been allowed on the capital employed.

14.3.2. In the case of Central India Machinery Manufacturing Co. Ltd., the future production of automatic looms has been estimated at 3,000 looms per annum against the production of 941 automatic looms and 2,039 ordinary looms in 1962, the production of the latter being gradually reduced. The company proposes to take up the production of certain additional components in future but it has not been possible to estimate what will be the cost of production of such items. The costs of such components were therefore adopted at the imported rates. In regard to the raw materials current rates have been adopted. While estimating the manufacturing expenses, it has been anticipated that the efficiency in both machine shop and assembly shop will be higher than what it was during the costed period and adjustments have accordingly been made both in the machine hours and the assembly hours required per loom. Normal grade increments have been provided for in case of labour and staff and reasonable provision has been made for the probable increase in prices in future. Depreciation has been calculated at the normal income-tax rates. In regard to the overhead expenses suitable provision has been made for increased production including the premia to be paid for war risk insurance. Return has been allowed at 12 per cent of the capital employed.

14.4. The costs of production of the different items under protected categories manufactured by the two units were discussed with their representatives and the following estimates of fair ex-works prices for future were determined by us. At the request of the manufacturers the details of costs have been treated as confidential but a broad break-down of fair ex-works prices is given below.

Items	Spinning ring frame	Spindles 7″ roller bearing aluminium plug with H. T. 5 inserts	Fluted roller 1″ dia. 25/8″ gauge per line of 200 spindles	Spinning rings 1⅓″ dia. PSR and T. & S.	Automatic loom Ruti-NMM BAZ type 110 cms.	CIMMCO-SAKAMOTO		
						Automatic loom		
						40″ Reed Space	44″ Reed Space	56″ Reed Space
	Cost/ ring frame Rs.	Cost/ spindle Rs.	Cost/ line Rs.	Cost/ unit Rs.	Cost/ loom Rs.	Cost/ loom Rs.	Cost/ loom Rs.	Cost/ loom Rs.
1. Materials	19,387	8·48	87·93	0·39	7,864	2,925	3,030	3,305
2. Mfg. expenses	13,236	5·04	154·62	0·92	1,955	1,883	1,896	1,928
3. Packing	1,127	0.08	4·31	0·02	729	425	425	450
4. Technical fee, royalty etc.	..	..	..	..	175	116	118	130
5. Return	3,418	1·18	31·35	0·15	898	389	395	411
6. Fair ex-works price	37,168	14·78	278·21	1·48	11,621	5,739	5,864	6,224
7. Selling expenses	193	0·07	1·31	0·01	58	151	154	168
8. Fair selling price	37,361	14·85	279·52	1·49	11,679	5,890	6,018	6,392

14.5. As the items selected by us for examination of costs are not identical with those whose costs were examined in 1960, the present costs of production are not strictly comparable with the estimates made by us in 1960. However, the overall manufacturing expenses of the spinning ring frames are now found to be lower than what we estimated in 1960 for an earlier model. But the decrease in the manufacturing costs has been practically set off by increases in the prices of materials resulting in only a small reduction in the final selling price. The projected volume of production adopted in the determination of the cost estimates are also higher than what was considered in the previous inquiry, but even larger production will not be able to effect a substantial reduction in the ultimate selling price mainly due to increased rates of raw materials, stores, power, etc., and additional expenses on account of new items of overheads. In the case of automatic looms no such comparison is possible as the types estimated in 1960 and now are entirely different.

15. Comparison of c.i.f. prices and landed costs ex-duty with the fair selling prices of the domestic products.

15.1. Due to the ban on imports of ring frames, spindles, rings and fluted rollers none of the Collectors of Customs and importers has been able to furnish us with c.i.f. prices of actual imports of any of these items. Our trade representatives in the U.K. and Switzerland have furnished a few f.o.b. quotations but none of them is strictly comparable. One of the importers, namely, Indian Textile Engineers (Pvt.) Ltd. has submitted to us the landed cost ex-duty of Rs. 67,358 for a spinning ring frame type MR4 of U.K. origin manufactured by M/s. Platts Brothers, based on a recent quotation from its principals. Against this the fair ex-works price of the ring frame type M2 costed by us is Rs. 37,361. Although the number of spindles for the ring frame quoted by Platt and that costed by us is the same namely 400, and the two ring frames could be functionally comparable, they differ considerably in the matter of details of design, specification and perhaps to some extent in performance. The improvements in the overseas model include narrower width of frame, more compactness, higher lift for spindles and better lubrication arrangements. At the time of the last inquiry also we had observed that the spinning ring frames manufactured by N.M.M. were more comparable to those manufactured by Platt Brothers of U.K. over which the indigenous manufacturers enjoyed considerable advantage. However, as we had envisaged keener competition with Japanese machinery, for the purpose of determining protection we had compared the c.i.f. prices of Japanese ring frames nearest to the design and specifications of the domestic producers. In view of the continued ban on imports of spinning ring frames from any source and absence of any f.o.b. or c.i.f. price for this item from Japan it has not been possible to attempt any comparison of the indigenous product with Japanese spinning ring frames. In comparison with the latest Platt model although there is a price advantage it has to be discounted for the factors which constitute improvement in their model. As against c.i.f. prices noted at the last inquiry, as the prices of Japanese machinery are unlikely to have risen steeply the disparity then noticed may not have changed materially since 1960.

15.2. C.i.f. prices have been furnished to us for spindles and rings by the Embassy of India at Berne and for fluted rollers by the High Commission of India in U.K. But these prices are not for items identical to the costed indigenous products. In so far as they could serve as an indicator making allowance for the difference they show only a marginal advantage for the indigenous producer for all the three components of spinning ring frames.

15.3. With regard to the automatic looms where we have costed two units, we have been able to obtain c.i.f. prices of comparable automatic looms manufactured by their respective collaborators. The following table gives the comparison of the c.i.f. prices and landed costs, without duty for the imported automatic looms with the fair ex-works cost of the corresponding indigenous products.

(Cost per loom)

	Automatic looms			
	Rueti Automatic looms	Sakamoto automatic looms		
		Reed space 40"	Reed space 44"	Reed space 56"
	Rs.	Rs.	Rs.	Rs.
1. C. i. f. prices . .	10,160·25*	4,022·40	4,104·00	4,228·80
2. Clearing charges .	125·00	60·34	61·56	63·43
3. Landed cost excluding duty.	10,285·25	4,082·74	4,165·56	4,292·23
4. Fair Selling price .	11,679·41	5,890·44	6,018·28	6,391·94
5. Disadvantage of 4-3 .	1,394·16	1,807·70	1,852·72	2,099·71
6. Disadvantage as a percentage on c.i.f. price.	13·72	44·94	45·14	49·65

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*NOTE.—These prices have been arrived at after deducting selling agents, commission.

In this case where keener competition emanates from Japan the disadvantage of the domestic industry ranges from about 45 to 50 per cent.

16. Measure of protection.

16.1. On the crucial issue of the continuance of protection to the industry there is almost complete unanimity among all interests concerned that the cotton textile machinery industry stands in need of protection at least for another period. The industry pleads that it is still young in comparison with long established units in countries like West Germany, United Kingdom, Switzerland and Japan, whose products pose a serious threat to it in view of the automatic machinery used and the higher labour productivity in their country. The industry in India has passed through vicissitudes and has hardly recovered from the slump of 1959. Its plans of production for the future could succeed only in an atmosphere free from uncertainties and fear of uneconomic foreign competition. Facilities for design and research for the development of the industry are still to be created. Even possibilities of imports of automatic looms of foreign manufacture at very low prices are not altogether ruled out. Under the circumstances the industry feels that this is not an opportune moment to deprotect it.

16.1.1. Consumers have no objection to the continuance of protection to the industry. But they rightly expect an improvement in quality. The sheltered market offered for the industry should not provide an opportunity for it to impose sub-standard equipment on the cotton textile industry, whose responsibility for stepping up the country's exports is onerous. Some of the textile mills have suggested that importation of a part of the machinery is necessary to tone up the market in respect of quality and prices of the indigenous products. Even they are not averse to the continuance of protection.

16.1.2. The Textile Commissioner has also recommended continuance of protection as, according to him, the industry is not yet fully developed. The cost of production of the indigenous machinery is still high relatively to that of the imported ones since the industry has to buy import entitlements of the exporting cotton mills at a premium of 30 per cent for meeting part of its import requirements of components and raw materials and there is necessity of imports of raw materials and components in sizeable quantities in spite of indigenous capacity being licensed for the purpose. Cost of production would therefore be necessarily high and tariff protection is inevitable.

16.2. From the details of our cost study given in the preceding paragraph it will be seen that the indigenous spinning ring frame has an advantage over the landed cost (ex-duty) of ring frames of U.K. origin which may be discounted slightly for difference in the type and on account of consumer preference. The possibility of a disadvantage *vis-a-vis* Japanese ring frames is also not ruled out. Whether or not on the basis of cost comparison the need for the continuance of protection is established, the role of tariff protection, in the case of this industry, is to offer it a sense of security and also provide for its supervision during the stage of development. We, therefore, recommend that the protection granted to the industry in respect of a complete ring frame should be continued beyond 31st December, 1963 for a further period of three years ending 31st December, 1966 at the existing rate of duty of 10 per cent *ad valorem*, exclusive of surcharge. For the protected components, namely, spindles, spinning rings and fluted rollers the representatives of the industry were not in favour of withdrawing protection even though some of them have made good progress and the production costs of a few may show some possible advantage. As these are vital components with whose progress the development of spinning machinery is closely associated, we recommend in their case also continuance of protection at the existing rate of duty for a period of three years.

16.2.1. With regard to automatic looms the comparison of the fair selling price of the indigenous product with the landed cost (ex-duty) of a Japanese loom has indicated a duty of 45 to 50 per cent. In view of the collaboration agreements for the manufacture of "Cimmco-Sakamoto" looms and the Ruti-NMM looms in the country which are helping the industry to develop a quality product, and their production not having stabilised fully yet, the necessity for the continuance of protection to it is even greater than for other textile machinery. But a revision upward of the rate of duty is not desirable in view of the short-fall in the licensed capacity to produce, compared with the estimated demand and the consequent necessity for imports for some more years. We, therefore, recommend continuance of protection to automatic looms beyond 31st December 1963 for a further period of three years at the existing rate of duty of 10 per cent *ad valorem*, exclusive of surcharge.

Summary of conclusions and recommendations.

17. Our conclusions and recommendations may be summarised as under :—

(i) Instead of allocating imported looms exclusively to those mills which make it a condition to undertake production of textile fabrics for export it may be desirable to permit a generalised absorption of imported and indigenous looms, the imported item being allowed only to the extent it is necessary for meeting the short-fall in indigenous production.

[Paragraph 5.4]

(ii) While steps may be taken independently to improve the quality of raw materials required by the cotton textile machinery industry, it should be the main responsibility of the manufacturers of textile machinery to maintain the quality of their products.

[Paragraph 5.6]

(iii) The annual domestic demand for different protected items of cotton textile machinery is estimated at 3,025 spinning ring frames, 1·6 million spindles, 3·2 million spinning rings, 28,500 lines of fluted rollers and 9,950 automatic looms.

[Paragraph 7.2]

(iv) As future prospects of the industry depend on it a physical assessment of the future requirements of raw materials for the industry and the supplies that may be forthcoming to meet it is essential.

[Paragraph 8.1.1]

(v) Despite certain adverse criticisms the consensus of opinion among the consumers seems to be that the domestic industry has made considerable improvement in the quality of its products and bids fair to establish itself well in future. There were no complaints about the quality of automatic looms at present produced in the country.

[Paragraphs 9.2 and 9.2.2]

(vi) It is the obligation of a protected industry to strive its utmost to avoid complaints referred to in paragraph 10.2, such as supply of machinery in an incomplete condition.

[Paragraph 10.2]

(vii) It ought to be made a necessary condition of licensing that the producers of machinery should carry a full range of spare parts for maintenance requirements of the customers.

[Paragraph 10.2]

(viii) The schemes of assistance for exports sought by the cotton textile machinery industry go far beyond the normal pattern of export incentive schemes now in vogue. That the industry should meet at least a part of the risks and costs of exports is a normal expectation.

[Paragraph 12]

(ix) It would not be desirable to equalise at the higher level the present rates of duty levied on inserts used in ring frames and doubling frames (a non-protected item).

[Paragraph 13.2.1]

(x) Protection granted to the industry in respect of complete spinning ring frames, spindles, spinning rings, fluted rollers and automatic looms should be extended for a further period of three years, *i.e.*, till 31st December 1966 at the rate of protective duty of 10 per cent *ad valorem*, exclusive of surcharge.

[Paragraphs 16.2 and 16.2.1]

Acknowledgements.

18. We wish to express our thanks to the various producers, importers and consumers for their co-operation in this inquiry.

K. R. P. AIYANGAR,
Chairman.

J. N. SENGUPTA,
Member.

R. BALAKRISHNA,
Member.

(PRAMOD SINGH),
Secretary.

BOMBAY,
Dated the 16*th September*, 1963.

APPENDIX I

(*Vide* Paragraph 3.1)

List of parties to whom the Commission's questionnaires/letters were issued and those who replied or sent memoranda

*Indicates those who had furnished information in reply.

@Indicates those who had no information to furnish in reply.

A. PRODUCERS

*1. Textile Machinery Coporation Ltd., Belgharia, 24, Parganas, West Bengal.
*2. National Machinery Manufacturers Ltd., Kalwe, Thana, Near Bombay.
*3. Textool Company Ltd., Ganapathy, P. O., Coimbatore-6.
4. Ramakrishna Industrials Private Ltd., Peelamedu, Coimbatore.
*5. Lakshmiratan Engineering Works Ltd., Empire House, Dr. D. Naoroji Road, Bombay-1.
6. Parmar Mechanic Works, Tramway Road, Surendranagar (Gujarat State).
*7. Star Textile Engineering Works Ltd., Bank of Baroda Building, 12, Apollo Street, Bombay-1.
*8. Central India Machinery Manufacturing Co. Ltd., P.O. Birlanagar, Gwalior, Madhya Pradesh.
*9. Sewing Machine Parts Making Works, Opp. Taluka School, Surendranagar (Gujarat State).
*10. Textile Equipment Co. Ltd., 11/A, Satafalwadi, Mount Road, Mazagaon, Bombay-10.
*11. Hindustan Textile Engineers, Janmabhoomi Bhavan, 3rd Floor, Ghoga Street, Bombay-1.
12. Indo-Belga Engineering Co. Ltd., Dudheshwar Road, Ahmedabad-1.
*13. Zenith Textile Engineering Co., 250, Ripon Road, Bombay-8.
@14. U. M. Mistry & Sons, 2783, Pankore Naka, Ahmedabad-1.
*15. Mistry Mohanlal Veldas & Co., 1341/7, Salapose Cross Road, Ahmedabad-1.
*16. M. K. Brothers, Behind Chhotalal Dharmashala, Shampur Dharwaja, Ahmedabad.

B. PROSPECTIVE PRODUCERS

*1. Cooper Engineering Ltd., Satara Road, Distt. North Satara, Maharashtra.
*2. Lakshmi Machine Works Ltd., 348, Avinashi Road, Pappanaickenpalayam, Coimbatore-1.
*3. Machino-Textile Ltd., 3, Circular Road, Dehra Dun (U.P.).
*4. Indian Casablancas High Draft Co. Pvt. Ltd., Maneckji Wadia Bldg., 127, Mahatma Gandhi Road, Bombay-1.
5. Suessen Textile Ball Bearings & Products Pvt. Ltd., Shri Laxmi Woollen Mills, Haines Road, Mahalaxmi, Bombay-11.

C. PRODUCERS' ASSOCIATIONS

*1. The Secretary, The Association of Merchants and Manufacturers of Textile Stores and Machinery, Sir Vithaldas Chambers, 16, Apollo Street, Bombay-1.

*2. The Secretary, Textile Machinery Manufacturers Association, Brabourne Stadium, 87, Veer Nariman Road, Bombay-1.

*3. The Secretary, Engineering Assocation of India, India Exchange (8th Floor), India Exchange Place, Calcutta-1.

D. IMPORTERS

@1. W. H. Brady & Co., Churchgate Street, Bombay-1.

*2. Consolidated Mill Supplies Ltd., Co-operative Insurance Building, Sir P. M. Road, Fort, Bombay-1.

*3. Gannon Dunkerley & Co. Ltd., P. O. Box No.1547, Bombay-1.

@4. Greaves Cotton & Co. Ltd., 1, Forbes Street, Fort, Bombay-1.

*5. Indian Textile Engineers (P) Ltd., P. B. No. 1589, Bombay-1.

*6. Voltas Ltd., P. B. No. 900, Bombay-1.

@7. Popular (Imp. & Exp.) Trading Co., 101, Medows Street, Bombay-1.

@8. Bakubhai Ambalal Private Ltd., Shahibag House, 13, Wittet Road, Ballard Estate, Bombay-1.

*9. J. and P. Coates India (P) Ltd., 81, Palton Road, Bombay-1.

10. T. Maneklal Manufacturing & Co. Ltd., Vaswani Mansions, D. Waccha Road, Bombay-1.

*11. Textile Industries Machinery Corporation, Flat No. 26, lst Floor, Vimla Mahal, Pedder Road, Bombay-26.

E. RAW MATERIAL/COMPONENTS SUPPLIERS

*1. Scientific Mechanic Works, Tramway Road, Surendranagar (Gujarat State).

*2. National Engineering Industries, Jaipur, Rajasthan State.

*3. Bharat Timber Industries, Sayani Road, Bombay-28.

*4. Associated Bearing Co. Ltd., Mahatma Gandhi Memorial Bldg., Netaji Subhash Road, P. B. No. 1977, Bombay-1.

*5. G. P. Koshik, P. O. Birla Lines, Subzi Mandi, Delhi-6.

*6. Suessen Textile Ball Bearings & Products Pvt. Ltd., Shri Luxmi Woollen Mills Estate, Haines Road, Mahalaxmi, Bombay-11.

*7. Zenith Engineering Works, Opp. Taluka School, Surendranagar, Gujarat State.

F. CONSUMERS

@1. Nowrosjee Wadia and Sons Ltd., Neville House, Graham Road, Bombay-1.

*2. Century Spinning and Manufacturing Co., Industry House, Churchgate Reclamation, Bombay-1.

*3. James Finlay and Co. Ltd., Chartered Bank Building, Fort, Bombay-1.

4. Khatau Makanji & Co. Ltd., Laxmi Buildings, 6, Ballard Estate, Fort, Bombay-1.

*5. Kohinoor Mills Co. Ltd., Killick House, HomeS treet, Fort, Bombay-1.

6. Forbes, Forbes Compbell & Co. Ltd., Forbes Building, Home Street, Fort, Bombay-1.

*7. The Buckingham & Carnatic Co. Ltd., Post Box No. 1966, Madras-1.

*8. Minerva Mills Ltd., Temple Bar Building, 70, Forbes Street, Fort, Bombay-1.
*9. Raveendra Mills Ltd., Coimbatore, South India.
*10. Sree Meenakashi Mills Ltd., Post Box No. 1. Madurai, South India.
11. Rajkot Spinning & Weaving Mills Pvt. Ltd., Post Box No. 2, Rajkot (Gujarat State).
12. Jiyajeerao Cotton Mills Ltd., Birlanagar, Madhya Pradesh.
@13. The Azam Jahi Mills Ltd., 159, Gunfoundry Road, Hyderabad, Andhra Pradesh.
*14. Madurai Mills Co. Ltd., Madurai.
*15. The Kasthuri Mills Ltd., Singanallur Post, Coimbatore District, South India
*16. Bangalore Woollen, Cotton & Silk Mills Co. Ltd., Agraharam Road, Bangalore-2.
17. Mahalaxmi Mills Ltd., Post Box. No. 38, Bhavanagar.
*18. Arvind Mills Ltd., Railwaypura Post, Naroda Road, Post Box No. 56, Ahmedabad.
*19. Sree Yamuna Mills Co., Post Box No. 38, Baroda.
20. The Osmanshahi Mills Co. Ltd., 195, Gunfoundry Road, Hyderabad, Andhra Pradesh.
*21. Shree Akkamamba Textiles Ltd., Venkatarayapuram, Tanuku (Southern Railway).
*22. Tirupur Cotton Spinning & Weaving Mills, Post Box No. 12, Tirupur (S. India).
*23. The Kalyanmal Mills Ltd., Indore.
24. The New Victoria Mills Co., Post Box No. 46, Kanpur.
*25. Sree Sajjan Mills Ltd., Ratlam.
*26. Cauvery Spinning & Weaving Mills Ltd., Indian Chambers Building, Esplanade, Madras.
*27. The Gokak Mills Ltd., Forbes Building, Home Street, Fort, Bombay-1.
*28. Shri Shahu Chhatrapati Mills, Bank of Baroda Building, Palton Road, Bombay-1.
*29. Indore Malwa United Mills Ltd., Indore.
30. Delhi Cloth & General Mills Co. Ltd., Delhi-6.
31. Bombay Dyeing & Mfg. Co. Ltd., Elphinstone Road, Parel, Bombay-12.

G. CONSUMERS' ASSOCIATIONS

*1. The Secretary, Indian Cotton Mills' Federation, Elysium Mansion, Walton Road, Colaba Causeway, Bombay-5.
*2. The Secretary, Millowners' Association, 10, Veer Nariman Road, Bombay-1.
*3. The Secretary, Southern India Millowners' Association, Race Course, Coimbatore.
*4. The Secretary, Bengal Millowners' Association, 2, Church Lane, Calcutta.
5. The Secretary, Millowners' Association, Mysore.
*6. The Secretary, Madhya Pradesh Millowners' Association, 9, South Tukoganj, Indore.
*7. The Secretary, Ahmedabad Millowners Association, Lal Darwaja, Ahmedabad-1.
@8. The Secretary, Silk and Art Silk Mills Association, Resham Bhavan, 78, Veer Nariman Road, Bombay-1.
*9. The Secretary, The Federation of Gujarat Mills and Industries, Rameshchandra Dutt Road, Race Course, Baroda.

H. GOVERNMENT DEPARTMENTS

*1. The Textile Commissioner, Mistry Bhavan, Dinsha Vacha Rd., Churchgate, Bombay-1.

*2. The Devolopment Commissioner, Small Scale Industries, Ministry of Commerce and Industry, Maulana Azad Road, New Delhi.

*3. The Indian Standards Institution, Manak Bhavan, 9, Mathura Road, New Delhi.

*4. Director General, Department of Technical Development, Udyog Bhavan, Maulana Azad Road, New Delhi.

*5. The Iron and Steel Controller, 33, Netaji Subhas Road, Calcutta.

*6. Counseller (Commercial) to the High Commission for India, 'India House', Aldwych, London, W. C. 2, United Kingdom.

*7. First Secretary (Commercial) to the Embassy of India, 20, Kalcheggweg, Berne, Switzerland.

8. First Secretary (Commercial) to the Embassy of India, 262, Koblenzer Strasse, Bonn, W. Germany.

9. First Secretary (Commercial) to the Embassy of India, 5th Floor, Naigi Building, No. 18, 2, Chome Marunouchi, Chiyoda-Ku, Tokyo, Japan.

10. The Collector of Customs, Bombay.

*11. The Collector of Customs, Madras.

@12. The Collector of Customs, Calcutta.

@13. The Collector of Customs, Cochin.

*14. The Director of Industries, Government of Maharashtra, Sachivalaya Annexe, Bombay-32.

*15. Director of Industries, Government of Gujarat, Ahmedabad.

*16. Director of Industries, Government of Uttar Pradesh (Commercial Intelligence Section), Kanpur.

*17. Director of Industries, Government of Madras, Madras.

*18. Director of Industries, Government of West Bengal, Calcutta.

@19. Director of Industries & Commerce, Government of Mysore, Bangalore.

*20. Director of Industries, Government of Madhya Pradesh, Bhopal.

*21. The Secretary, Engineering Export Promotion Council, India Exchange Place, (7th Floor), Calcutta.

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I. CHIEF SECRETARIES OF STATES

1. The Chief Secretary to the Government of Andhra Pradesh, Hyderabad.

@2. The Chief Secretary to the Government of Assam, Shillong.

3. The Chief Secretary to the Government of Bihar, Patna.

*4. The Chief Secretary to the Government of West Bengal, Calcutta.

*5. The Chief Secretary to the Government of Gujarat, Ahmedabad.

6. The Chief Secretary to the Government of Jammu and Kashmir, Srinagar.
*7. The Chief Secretary to the Government of Kerala, Trivandrum.
*8. The Chief Secretary to the Government of Madhya Pradesh, Bhopal.
*9. The Chief Secretary to the Government of Madras, Madras.
*10. The Chief Secretary to the Government of Maharashtra, Bombay.
@11. The Chief Secretary to the Government of Mysore, Bangalore.
@12. The Chief Secretary to the Government of Orissa, Bhubaneshwar.
*13. The Chief Secretary to the Government of Punjab, Chandigarh.
@14. The Chief Secretary to the Government of Rajasthan, Jaipur.
*15. The Chief Secretary to the Government of Uttar Pradesh, Lucknow.
@16. The Chief Commissioner, Delhi Administration, Delhi.
@17. The Chief Commissioner, Himachal Pradesh, Simla.

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APPENDIX II

(*Vide* Paragraph 3.1)

Statement showing the factories visited by the Commission and its officers

Sl. No.	Name of the factory	By whom visited	Date of visit
1	Textile Machinery Corporation Ltd., Calcutta.	Shri K. R. P. Aiyangar, Chairman.	7th June, 1963.
		Shri J. N. Sen Gupta, Member.	5th July, 1963.
		Shri Hari Bhushan, Technical Director (Engineering & Metallurgy).	18th January, 1963.
2	Textool Co. Ltd., Coimbatore .	Shri Hari Bhushan, Technical Director (E.&M.).	16th November, 1962.
3	Central India Machinery Mfg. Co. Ltd., Gwalior.	Shri S. R. Mallya, Cost Accounts Officer.	5th to 10th April 1963.
4	National Machinery Mfrs. Ltd., Thana.	Shri A. K. Banerji, Assistant Cost Accounts Officer.	From 27th May to middle of June, 1963.

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APPENDIX III

(*Vide* Paragraph 3.3)

List of persons who attended the Commission's public inquiry on 8th August 1963

Sl. No.	Name of the representative	Name of the firm/body represented
1	2	3
A. PRODUCERS		
1.	Shri J. C. Agarwal	Textile Machinery Corporation Ltd., P. O., Belgharia, 24-Parganas, West Bengal.
2.	,, O. P. Jhunjhunwala	
3.	,, R. K. Garg	
4.	,, L. T. Gholap	National Machinery Manufacturers Ltd., Kalwe, Thana, Near Bombay.
5.	,, N. G. Morarji	
6.	,, K. G. Govindarajan	Textool Company Ltd., Ganapathy P. O., Coimbatore-6.
7.	,, N. B. Mistry	Lakshmiratan Engg. Works Ltd., Empire House, Dr. D. N. Road, Bombay-1.
8.	,, S. M. Mehta	Star Textile Engg. Works Ltd., Bank of Baroda Building, 12, Apollo Street, Bombay-1.
9.	,, S. Rajendran	
10.	,, R. L. Makharia	Central India Machinery Mfg. Co. Ltd., Birlanagar (Gwalior), Madhya Pradesh.
11.	,, S. B. Saria	
12.	,, R. B. Mathur	
13.	,, R. M. Shah	Hindustan Textile Engineers, Janmabhoomi Bhavan, Ghoga Street, Bombay-1.
14.	,, L. Raval	Sewing Machine Parts Making Works, Opp. Taluka School, Surendranagar, Gujarat State.
B. PROSPECTIVE PRODUCERS		
15.	Shri B. G. Doshi	Cooper Engineering Ltd., Satara Road, Distt. North Satara, Maharashtra.
16.	,, A. S. V. Eswaran	
17.	,, G. R. Joshi	The Indian Casablancas High Draft Co. (Pvt.) Ltd., Maneck-Wadia Building, 127, Mahatma Gandhi Road, Bombay-1.
18.	,, J. J. Randeri	
19.	,, J. A. Sequeira	

APPENDIX II—*Contd.*

1	2	3
20.	Shri B. M. Bavdekar	Machino-Textile Ltd., 3, Circular Road, Dehra Dun (U. P.); and Textile Industries Machinery Corporation, Flat No. 26, Vimla Mahal, Pedder Road, Bombay-26.
C. PRODUCERS' ASSOCIATIONS		
21.	Shri P. V. Mehta	Textile Machinery Manufacturers' Association, Brabourne Stadium, Veer Nariman Road, Bombay-1.
22.	„ G. D. Modi	Association of Merchants and Manufacturers of Textile Stores & Machinery, Sir Vithaldas Chambers, 16, Apollo Street, Bombay-1.
D. IMPORTERS		
23.	„ J. G. Kulkarni	Consolidated Mill Supplies Pvt. Ltd., Co-operative Insurance Building, Sir P. M. Road, Bombay-1.
24.	„ S. Crowther	Indian Textile Engineers Pvt. Ltd., Stadium House (3rd Floor), 81-83, Veer Nariman Road, Bombay-1.
25.	„ A. J. D' Sylva	
26.	„ V. K. Matkari	Voltas Ltd., 19, Graham Road, Ballard Estate, Bombay-1.
27.	„ B. L. Desai	J. & P. Coats (India) Pvt. Ltd., P. O. Box No. 280, 81, Palton Road, Bombay-1.
E. RAW MATERIAL/COMPONENTS SUPPLIERS		
28.	Shri P. P. Gundavda	Scientific Mechanic Works, Tramway Road, Surendranagar, Gujarat State.
29.	„ B. B. Shah	
F. CONSUMERS		
30.	Shri P. G. V. Mercer	The Buckingam & Carnatic Co. Ltd., 7, Armenian Street, Madras-1.

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1	2	3
G. CONSUMERS' ASSOCIATIONS		
31.	Shri D. S. Bakhle	The Indian Cotton Mills Federation, Elysium Mansion, Walton Road, Colaba Causeway, Bombay; and The Millowners' Association, Elphinstone Building, Veer Nariman Road, Bombay-1.
32.	„ S. A. Kher	
33.	„ S. D. Mehta	
34.	„ W. H. Date	
35.	„ R. L. N. Vijayanagar	
36.	„ G. L. Agrawal	The M. P. Millowners' Association, 8, South Tukoganj, Indore (M. P.).
H. GOVERNMENT DEPARTMENTS		
37.	Shri I. B. Dutt, Industrial Adviser	The Textile Commissioner, Ministry Bhavan, Dinshaw Vacha Road, Churchgate, Bombay-1.
38.	„ R. K. Rakshit, Director of Textile Machinery.	
39.	„ S. L. Sharma, Director (Economic Investigation).	The Development Commissioner, Small-Scale Industries, Udyog Bhavan, Maulana Azad Road, New Delhi.
40.	„ P. R. Nair, Deputy Iron & Steel Controller.	The Iron & Steel Controller, 33, Netaji Subhas Road, Calcutta-1.
41.	„ K. K. Kalra, Appraiser	The Collector of Customs, New Custom House, Bombay-1.
42.	„ N. K. Ramaswamy, Extra, Assistant Director.	Indian Standards Institution, Manak Bhavan, 9, Mathura Road, New Delhi-1.
43.	„ D. S. Godbole, Deputy Director of Industries (Engg.).	Directorate of Industries, Government of Maharashtra, Sachivalaya Annexe, Bombay-32.
44.	„ V. D. Gadkari, Assistant Director of Industries.	
45.	„ P. S. Dharwadkar, Deputy Director of Industries.	The Director of Industries, Government of Gujarat, New Civil Hospital Annexe, O-18/19, P. B. No. 2007, Ahmedabad.
46.	„ M. A. Doshi, Industries Officer.	

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APPENDIX IV

(*Vide* Paragraph 6.1)

Statement showing the capacity and production of protected items of cotton textile machinery

Sl. No.	Name of the unit	Capacity			Production			
		Annual capacity at the time of the 1960 inquiry (Single shift)	Present licensed capacity (Double Shift)	Present installed capacity (Double Shift)	1960	1961	1962	1963 (Jan.-March)
		I. *Spinning Ring Frames* (*Nos.*)						
1.	Textile Machinery Corporation Ltd.	300	600	600	378	452	537	162
2.	Textool Co. Ltd.	300	600	600	313	267	335	94
3.	National Machinery Manufacturers Ltd.	240	900	900	408	610	593	181
4.	Ramakrishna Industrials Pvt. Ltd.	180	276	180	28	64	44	22
5.	Lakshmiratan Engineering Works Ltd.	300	300	200	..	9	62	20
6.	Lakshmi Machine Works Ltd.	Nil	580	Nil	..	..	..	..
7.	Machino-Textile Ltd.	Nil	600	Nil	..	..	..	..
	TOTAL	1,320	3,856	2,480	1,127	1,402	1,571	479
		II *Automatic Looms* (*Nos.*)						
1.	Central India Machinery Mfg. Co. Ltd.	1,560	2,400	2,400	374	67	420	548
2.	National Machinery Manufacturers Ltd.	Nil	1,500	1,500	..	..	64	166
3.	Lakshmiratan Engineering Works Ltd.	Nil	600	400	..	..	12	12
4.	Cooper Enginering Ltd.	Nil	600	Nil	..	..	..	..
	TOTAL	1,560	5,100	4,300	374	67	496	726

Sl. No.	Name of the unit	Capacity		Production			
		Annual Capacity at the time of the 1960 inquiry (Single shift)	Present installed capacity (Single shift)	1960	1961	1962	1963 (Jan.-March)
	III. *Spindles* (*Nos.*)						
1.	Textile Machinery Corporation Ltd.	150,000	90,000	93,224	46,320	48,106	19,972
2.	Textool Co. Ltd.	120,000	120,000	98,796	40,267	80,280	28,972
3.	National Machinery Manufacturers Ltd.	126,000	270,000	86,414	97,622	47,013	18,647
4.	Lakshmiratan Engineering Works Ltd.	120,000	120,000	68,238	118,655	240,530	35,160
5.	Zenith Textile Engineering Co.	180,000	120,000	14,470	10,731	N.A.	N.A.
6.	Textile Equipment Co. Ltd.	18,000	24,000	4,556	23,864	33,705	2,712
7.	Hindustan Textile Engineers	24,000	24,000	24,065	25,545	25,610	6,364
8.	Parmar Mechanic Works	108,000	108,000	85,497	89,005	129,851	49,816
9.	Sewing Machine Parts Making Works	96,000	96,000	71,928	81,602	106,872	22,005
10.	U. M. Mistry & Sons	Nil	24,000	..	1,580	1,792	305
11.	M. K. Brothers	Nil	36,000	..	..	2,912	7,423
12.	Mistri Mohanlal Veldas & Co.	Nil	6,900	..	..	3,287	1,440
	TOTAL	942,000	1,038,900	537,188	535,191	719,958	192,812
	IV. *Spinning Rings* (*Nos.*)						
1.	Textile Machinery Corporation Ltd.	120,000	240,000	160,268	159,915	109,532	48,891
2.	Textool Co. Ltd.	150,000	240,000	53,813	40,023	89,090	39,972
3.	National Machinery Manufacturers Ltd.	456,000	456,000	428,776	504,565	363,109	193,234
4.	Indo-Belga Engineering Co. Ltd.	480,000	480,000	44,065	35,729	58,456	15,532
	TOTAL	1,206,000	1,416,000	686,922	740,232	620,193	297,629

APPENDIX IV—*Contd.*

Sl. No.	Name of the unit	Capacity		Production			
		Annual capacity at the time of the 1960 inquiry (Multiple shift)	Present installed capacity (Single shift)	1960	1961	1962	1963 (Jan.-March)
	V. *Fluted Rollers (Nos.)*						
1.	Textile Machinery Corporation Ltd.	45,000	21,000	59,825	37,041	28,166	5,603
2.	Textool Co. Ltd.	90,000	45,000	61,594	34,480	66,443	16,896
3.	National Machinery Manufacturers Ltd.	90,000	90,000	114,450	105,450	53,369	24,100
4.	Lakshmiratan Engineering Works Ltd.	30,000	57,000	18,925	17,600	27,500	N.A.
5.	Ramakrishna Industrials Pvt. Ltd.	32,400	28,800	10,198	4,566	18,725	7,375
6.	Star Textile Engineering Works Ltd.	30,000	72,000	33,617	49,678	68,288	24,979
7.	Indo-Belga Engineering Co. Ltd.	30,000	30,000	17,614	19,110	17,923	1,905
	TOTAL	347,400 or 13,896 lines	343,800 or 13,752 lines	316,223 or 12,649 lines	267,925 or 10,717 lines	280,414 or 11,216 lines	80,858 or 3,234 lines

NOTE.—In the case of units producing both spinning ring frames and their components, namely, spindles, spinning rings and fluted rollers, the figures of capacity and production of components are exclusive of the components used in the assembly of complete spinning ring frames.

APPENDIX V

(*Vide* Paragraph 10.2)

Statement showing the selling prices of cotton textile machinery as furnished by some units

1. *National Machinery Manufacturers Ltd., Thana.*

	Current ex-factory selling price. Rs.	
(a) *Spinning ring frame.*—Model M-2-400 spindles: 2 5/8" gauge 8" lift, 1 3/4" dia rings, equipped with creel for single and double roving aluminium die cast separators, SKF double apron drafting system with pendulum weighing arms type PK 211-El.	42,870·00	Each.
(b) *Ring.*—1 5/8" Reversible Ring with 1½ Flange . .	1·80	Each.
(c) *Spindle*: (i) Complete spindle 7" lift roller bearing with H. T-5 inserts (with flipper type catch base).	12·50	,,
(ii) Complete spindle 7" lift roller bearing with HT-5 inserts (with aluminium plug).	17·50	,,
(d) *Fluted rollers.*—7/8" each line consisting of 13 pieces including gear and off end for 200 spindles.	410·00	per line of 200 spindles.

The above prices cover for suitable packing and delivery f.o.r. Thana.

2. *Textool Co. Ltd., Coimbatore*

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	Selling price (Rs. per frame)
(1) Ring spinning frames, 400 spindles, 6" lift, 25/8" Ring Dia. with roller bearing spindles, Ball bearing jockey pulleys. with Casa A-500 drafting system and rest as per its standards.	37,000
(2) Same as above but with SKF drafting system .	40,900
(3) Same as (1) above but with WST drafting system .	43,900
(4) Same as (1) above but with GX2 drafting system .	41,100
(5) Same as (1) above but with NGM drafting system .	42,000
(6) Ring spinning frame 2 5/8" G. 1 5/8" R. D. 7" lift, 400 spindles, roller bearing spindles, ball bearing jockey pulleys and rest as per its standard with Casa A-500 drafting.	38,700
(7) Same as (6) above but with SKF drafting . . .	42,000

	Selling Price (Rs. per frame)
(8) Same as (6) above but with WST drafting . . .	43,900
(9) Same as (6) above but with GX2 drafting system .	41,100
(10) Same as (6) above but with NGM drafting system .	42,000
(11) Ring spinning frame 2 5/8″ G. 1 5/8″ R. D., 8″ lift, 400 spindles, roller bearing spindles, ball bearing jockey pulleys and rest as per its standard with Casa A-500 drafting.	40,350
(12) Same as (11) above but with SKF drafting (Comparable to spinning ring frame mentioned under NMM).	44,250
(13) Same as (11) above but with GX2 drafting . . .	44,450
(14) Same as (11) above but with WST drafting . . .	47,250
(15) Same as (11) above but with NGM drafting . .	43,350
(16) Narrow width ring frame—6″ 400 spindles, 2 5/8″ G. 1 5/8″ R.D. with roller bearing jockey pulleys and rest as per standard equipped with	
GX2	43,100
SKF	42,900
WST	45,900
NGM	44,000
A-500	39,000
(17) Narrow width ring frame 7″ 400 spindles, 2 5/8″ G.1 5/8″ R. D. with roller bearing jockey pulleys and rest as per standard equipped with Casa	
A-500	40,625
GX2	44,325
SKF	44,525
WST	47,525
NGM	45,625

3. *Textile Machinery Corporation Ltd., Belgharia*

	Price (Ex-works) Rs.	
(1) Ring frame with 400 spindles, upto 2 4/8″ gauge, 6″ lift and with SKF drafting system.	39,951·00	Each
(2) 6″ lift spindles	16·00	,,
(3) 8″ lift spindles	20·06	,,
(4) 1″ dia. 1.1/8″ dia. rings	3·10	,,
(5) 2″ dia rings	4·03	,,
(6) 1″ dia. fluted rollers for 2″ gauge	1·92 per spindle	,, per line
(7) 1 1/8″ dia. fluted rollers for 2″ gauge	2·00 per spindle	per line
(8) 1.1/8″ dia. fluted rollers for 3″ gauge	2·00 per spindle	per line

4. *Central India Machinery Mfg. Co. Ltd., Birlanagar, Gwalior*

Prices of CIMMCO-SAKAMOTO automatic looms of specification with 22″ dia. Beam Flange suitable for 390 m.m. shuttles and 190 m.m. pirns and with negative let off motion suitable to take 10″ dia. cloth roller are as under:

	Rs. per loom
40″ R.S.	4,720
44″ R.S.	4,809
48″ R.S.	4,937
56″ R.S.	5,215
60″ R.S.	5,381
72″ R.S.	6,206

The above prices are offered on ex-factory Birlanagar basis. If looms are required to be supplied with 15″ dia. cloth roller arrangement, Rs. 107 are charged extra.

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